

Message Text

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17

ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 H-02 L-03 PA-01 PRS-01 /093 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 2884

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: GOVERNMENT INTERVENES IN CUF

1. MAY 24 PRESS ANNOUNCED COUNCIL OF MINISTERS DECISION TO INTERVENE IN GIANT COMPANHIA UNIAO FABRIL (CUF) CONGLOMERATE, UNTIL RECENTLY REPUTED TO BE THE BIGGEST INDUSTRIAL GROUP ON IBERIAN PENINSULA.

2. INTERVENTION NOT MADE UNDER AUTHORITY OF DECREE-LAW 660/74 (LISBON 2869 AND PREVIOUS, NOTAL), BUT UNDER DL 203-C/75,
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WHICH HAS NOT YET BEEN PUBLISHED BUT GAVE AUTHORITY FOR

EMERGENCY MEASURES- "INCLUDING NATIONALIZATION"-
TO "CONTROL" BASIC INDUSTRIAL SECTORS.
UP TILL NOW, MEASURES TAKEN UNDER DL 203-C/75 HAVE BEEN
CLEARLY LABELLED NATIONALIZATIONS (LISBON 2190, 2691 NOTAL).
IN CUF CASE, GOP HAS NOT REPLACED MANAGEMENT, BUT APPOINTED
GOVERNMENT DELEGATES AND ADMINISTRATORS "ON BEHALF
OF THE STATE".

3. GOVERNMENT ACTION HAS NOT APPARENTLY SATISFIED MILITANT
WORKERS. COMMUNIQUE FROM COORDINATING COMMISSION OF CUF WORKERS
WHILE APPROVING INTERVENTION CALLED FOR NATIONALIZATION AND
DISMANTLEMENT OF GROUP.

4. COMMENT: CUF IN 1973 CLAIMED TO HAVE HOLDINGS IN SOME 160
COMPANIES, ALTHOUGH MANY HOLDINGS WERE MINORITY AND SOME LISTED
WERE IN FACT FOREIGN COMPANIES PARTICIPATING IN JOINT VENTURES
WITH CUF. MOST PROMINENT ARE GROUP OF SWEDISH AND DUTCH SHIP-
BUILDING FIRMS WHO REPORTEDLY HOLD 40 PERCENT SHARE OF LISNAVE
SHIP REPAIR YARDS AND UNKNOWN SHARE IN GIANT SETENAVE SHIPYARD.
GOVERNMENT CAUTION CONCERNING FOREIGN CAPITAL INVOLVED IN THESE
OPERATIONS, EXPLICITLY STATED IN INTERVENTION ANNOUNCEMENT,
WAS REASON WHY PRESENT METHOD ADOPTED RATHER THAN OUTRIGHT NATION-
ALIZATIONS WHICH HAD BEEN LONG EXPECTED. IT REMAINS TO BE SEEN,
HOWEVER, IF FOREIGN INVESTORS WILL PERCEIVE ANY DIFFERENCE.

5. CUF HAD LARGE HOLDINGS IN ANGOLA AND MOZAMBIQUE. FUTURE OF
THESE VERY MUCH OF A QUESTIONMARK.
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